

**POLICY
FOR THE MANAGEMENT OF CONFLICTS OF INTEREST
AT IPOPEMA SECURITIES S.A.**

This document sets out the policy of IPOPEMA Securities S.A. (hereinafter referred to as the “Company”) for the management of conflicts of interest, prepared and implemented in performance of the obligations under Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments and Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC (hereinafter jointly referred to as “MiFID”).

I. Definitions

1. Client — a natural person, legal person or unincorporated entity without the status of a legal person to which a service is or is to be provided by the Company.
2. Associated person — a person who meets at least one of the following conditions:
 - a) is a member of the statutory bodies of the Company,
 - b) is in an employment relationship, commission relationship or other legal relationship of a similar nature with the Company,
 - c) is a natural person who is an agent of the Company’s investment firm,
 - d) is a natural person who performs activities delegated by the Company on the basis of the Outsourcing Agreement,
 - e) is a person who manages the activities of:
 - the agent of the Company’s investment firm if the Company’s agent is an unincorporated entity without the status of a legal person,
 - the entity performing activities delegated by the Company under the Outsourcing Agreement, if such entity is an unincorporated entity without the status of a legal person,
 - f) is a member of the management body of:
 - the agent of the Company’s investment firm if the agent is a legal person,
 - the entity performing activities delegated by the Company under the Outsourcing Agreement, if this entity is a legal person,
 - g) is in an employment relationship, commission relationship or other legal relationship of a similar nature with:
 - the entity referred to in item e) in the first indent or in item f) in the first indent if it is involved in the performance of mediation activities within the scope of the activities conducted by the Company,
 - the entity referred to in item e) in the second indent or in item f) in the second indent if it is involved in the performance of activities delegated by the Company,
3. Outsourcing Agreement — agreement referred to in Article 81a clause 1 of the Act on Trading in Financial Instruments of 29 July 2005 (consolidated text: Journal of Laws of 2014, item 94, as amended) under which the Company delegates to the entrepreneur the performance of activities related to the activities conducted by the Company, including to investment services provided by the Company.

II. Conflict of interests

1. A conflict of interest shall mean any circumstances known to the Company that may lead to a conflict between the interests of the Company or its associated person and the Company’s obligation to act in a

diligent manner, taking into account the best interest of the client, as well as any circumstances known to the Company that may lead to a conflict between the interests of clients of the Company. A conflict of interest may arise in particular if the Company or its associate:

- a) may gain a benefit or avoid a loss as a result of one or more clients incurring a loss or failing to gain a benefit,
 - b) has a financial or other reason to favour a client or a group of clients over another client or group of clients,
 - c) has an interest in a specific outcome of a service provided to a client or a transaction executed for a client, and such interest is in conflict with the interest of the client,
 - d) conducts the same business as the client,
 - e) receives from a person other than the client any financial benefit other than standard fees and commissions in connection with a service provided to the client,
 - f) performs services to two or more clients where the first client may achieve a financial profit or avoid a financial loss at the expense of another client or has an interest in a specific outcome of a service provided to another client and such interest is in conflict with the interest of the first client.
2. A conflict of interest may occur at three levels:
- a) between the Company and the client,
 - b) between clients of the Company,
 - c) between the Company or the client and persons associated with the Company.

Interests of the Company shall be also understood as interests of companies from the IPOPEMA Group.

3. The Company and the entities belonging to the Company's capital group provide a range of services in the financial market to a diversified group of entities, in particular, they may have executed or may execute in relation to financial instruments being the subject of client's orders opposite orders, perform the functions of the market maker, offer financial instruments, buy or sell instruments for own or someone else's account and may have executed or may execute transactions in these instruments, as well as provide services of the management of financial instruments portfolios, investment advice services, brokerage services and investment banking services to issuers of financial instruments whose financial instruments are or may be the subject of client's investments, may act as a firm-commitment underwriter or standby underwriter in offerings of financial instruments and in mergers and acquisitions and other activities relating to issuers of financial instruments, in relation to a financial instrument being of interest to the client, be issuers of financial instruments or be related with issuers of financial instruments and receive remuneration and commissions in this respect and also realise profits.

III. Examples of conflicts of interest

A non-exhaustive list of examples of situations where a potential conflict of interest may arise is presented below:

- 1) concluding by the Company with clients transactions in financial instruments for own account,
- 2) concluding by the Company transactions in financial instruments for own account when the Company is in possession of the information on potential future orders of the client concerning such financial instruments,
- 3) developing recommendations and investment analyses concerning the entity to which the Company provides investment banking services,
- 4) providing by the Company investment advice service to the client on financial instruments held by the Company or associated persons or buying by the Company such instruments for clients' portfolios at the provision of the service of the management of financial instruments portfolios,
- 5) buying by the Company at the provision of the service of the management of financial instruments portfolios for clients' portfolios instruments offered by the Company as part of the service consisting in

- offering or recommending to buy such instruments by clients at the provision of the investment advice service,
- 6) executing by the Company at the provision of the portfolio management service frequent transactions in order to receive higher brokerage commission income or making by the Company at the provision of the investment advice service frequent changes in recommendations for the same purpose,
 - 7) executing transactions for own account of affiliates when the Company provides services to a client whose interests are potentially in conflict with such transactions or when the Company is in possession of the information on potential future orders of the client concerning such financial instruments,
 - 8) providing by the Company investment advice to a client and simultaneously taking by the Company or associated persons opposite positions in relation to recommendations issued,
 - 9) aggregating clients' orders with orders for Company's own account,
 - 10) aggregating client's orders with orders of other clients and subsequently allocating transactions to accounts of individual clients,
 - 11) executing orders to buy or sell financial instruments for the account of clients who due to the specificity of their statutory activities are competitors to one another,
 - 12) providing investment banking services to clients who due to the specificity of their statutory activities are competitors to one another,
 - 13) different amount of fees charged by the Company for the provision of the same services, which may lead to favouring some clients over other clients,
 - 14) providing by the Company services to an associated person or to an entity from the IPOPEMA Group,
 - 15) concluding transactions for own account by persons associated with the Company who have access to inside information or professional secret,
 - 16) undertaking by Company's employees additional business responsibilities (e.g. participation in Supervisory Boards of public companies),
 - 17) translating sales results into remuneration of employees responsible for establishing and maintaining relationships with clients,
 - 18) receiving or giving financial inducements/gifts by persons associated with the Company from/to Company's clients.

IV. Measures to Manage Conflicts of Interest

The Company has implemented the following measures in order to prevent potential conflicts of interest and to effectively manage actual conflicts of interest so that client's interests are not compromised:

1. Organisational structure
 - a) the internal structure of the Company ensures organisational separation of units performing activities which involve a risk of a conflict of interest.
 - b) the internal structure of the Company ensures that a person associated with the Company acts in the best interest of the client in an independent manner as part of the services provided which may cause an actual or potential conflict of interest.
 - c) relevant supervision exists over persons associated with the Company, performing activities for clients that involve a risk of a conflict of interest.
2. Chinese walls
 - a) The Company provides and monitors physical and electronic limitations and barriers in the transfer of the information (Chinese walls) aimed at protecting inside information or information subject to professional secrecy and at preventing unjustified flow of such information or its improper use.

- b) in order to control the access to material information related to the provision of services to the client the Company implements internal regulations which ensure a protection of the flow of inside information or information subject to professional secrecy which it receives from its clients.
 - c) The Company limits to the necessary minimum the group of persons having access to inside information or information subject to professional secrecy and makes it available only to persons or institutions authorised to receive it.
3. Execution of clients' orders
- Transactions are executed so that no client is favoured if financial instruments are purchased at different prices or in a lower quantity than specified in orders.
4. Recommendations and research
- a) The Company undertook appropriate organisational steps and measures used for preventing, identifying and managing conflicts of interest in connection with the preparation of recommendations and research.
 - b) Any conflicts of interest concerning a specific recommendation or research that will be available to the public or a large group of persons shall be disclosed in a recommendation or research or a document attached thereto.
5. Independence
- a) the Company shall prevent situations where the amount of remuneration of persons associated with the Company, performing specific activities for clients depends directly on the amount of remuneration or gains earned by persons performing other activities which give rise or may give rise to a conflict of interest.
 - b) the Company shall prevent the possibility of third parties exerting adverse influence on how persons associated with the Company perform activities for clients.
 - c) the Company shall prevent a situation where activities connected with different services provided by the Company are performed by the same associated person simultaneously or one immediately after another, if this could have an adverse effect on the proper management of conflicts of interest or shall ensure, if necessary, supervision over such manner of performing activities.
 - d) the Company shall ensure that procedures aimed at an independent assessment of the situation if a conflict of interest is suspected are in place and are implemented.
 - e) implemented measures and procedures for the management of conflicts of interest shall ensure to associated persons, involved in the performance by the Company of activities constituting brokerage activities, the independence of performing such activities.
 - f) investments of associated persons for own account shall be dealt with in relevant internal procedures and shall be monitored.
 - g) receiving or giving gifts/financial inducements by persons associated with the Company shall be regulated in relevant internal procedures and shall be monitored.
 - h) The Company shall monitor and where necessary — restrict dealing on own account or performing functions in bodies of other entity by persons associated with the Company.

VI. Special measures to Manage Conflicts of Interest

The basic principle to be followed if a conflict of interest occurs shall be to ensure that the client's interest is not compromised. For each identified type of a conflict the Company shall introduce solutions adjusted to its specificity, aimed at managing and monitoring the conflict and preventing a potential, adverse impact that it may have on Company's clients.

- a) special supervision — in order to reasonably manage a conflict of interest the Company may introduce non-standard monitoring and special supervision over the execution of a single transaction or a group of transactions for one or more clients.

- b) stopping the performance of business duties — a person associated with the Company may be ordered to stop the performance of business duties at the execution of a specific transaction or the participation in the management of a potential conflict of interest. A decision on delegating the performance of activities related to the provision of services shall be made by the member of the Company's Management Board in charge of a particular business area.

- c) principle of disclosing conflicts — if the organisation and Company's internal regulations do not ensure that if a conflict of interest arises the client's interest will not be compromised, the Company shall, prior to the conclusion of the agreement, inform the client of the existing conflict of interest. The Company shall provide the client with the information on the nature and source of the conflict of interest using a durable medium. The Company shall provide the client with all important information to enable the client to make an informed decision as to the continuation of the cooperation with the Company under a conflict of interest. The agreement may be concluded solely after receiving a confirmation of receipt of the information and a client's declaration confirming its willingness to conclude the agreement. If a conflict of interest arises after the agreement on the provision of brokerage services is concluded with the client, the provisions of this section shall apply accordingly, save that the Company shall inform the client of the conflict of interest immediately after it is identified and shall refrain from the provision of the service or execution of a transaction for the client until it receives an explicit declaration of the client on continuation or termination of the agreement.

- d) refusal to act — if a conflict of interest cannot be avoided or if a conflict of interest cannot be managed properly so as to minimise the risk of compromising the client's interests to the acceptable level or the same is prevented by legal or regulatory restrictions, the Company may refrain from the provision of the service or conclusion of the transaction for the client. In such a case the Company shall notify the client of the reasons for not undertaking action for the client, stating the nature and source of the conflict of interest.
